

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 375 - SB 1397

March 4, 2023

SUMMARY OF BILL: Requires the Tennessee Duck River Development Agency (Agency) to set a per thousand-gallon fee to charge to each participating entity that withdraws water from the Duck River or its tributaries and requires an Aquatic Resources Alteration Permit (ARAP), upon approval by a majority of the Duck River Agency Technical Advisory Committee (DRATAC).

FISCAL IMPACT:

**Increase Local Revenue – \$400,000/FY23-24 and Subsequent Years/
Tennessee Duck River Development Agency**

Increase Local Expenditures – \$400,000/FY23-24 and Subsequent Years *

Assumptions:

- According to the Department of Environment and Conservation, the proposed legislation will not significantly impact the number of ARAPs required by the Division of Water Resources for new water withdrawals or expansions of existing withdrawals; therefore, there will be no significant fiscal impact to state government.
- The proposed legislation would require each participating entity that withdraws water from the Duck River with an ARAP to pay a per thousand-gallon fee. Participating entities include: Bedford, Coffee, Hickman, Marshall, and Maury County, every municipality in those counties, as well as six water systems.
- Based on information provided by the Agency:
 - Currently, there is a voluntary withdrawal fee of \$.05 per one thousand gallons. It is expected that the mandatory fee approved by the DRATAC would be the same amount;
 - Revenue due to the voluntary fee was:
 - \$391,670 in FY19-20;
 - \$391,230 in FY20-21;
 - \$406,614 in FY21-22; and
 - It is estimated that the mandatory fee would generate an additional \$400,000 in revenue.
- Beginning in FY23-24, the proposed legislation would result in a recurring increase to Agency revenue of \$400,000 and an equal, corresponding increase to local expenditures for participating agencies that are not currently paying the voluntary fee.

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*Article II, Section 24 of the Tennessee Constitution provides that: *no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

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